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SUBJECT: JORDAN TELECOM EXPLORING IRAQI MARKET OPTIONS

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1. (sbu) Summary: Senior management staff from Jordan Telecom called on ECONOFF May 15 to inquire about commercial opportunities for provision of mobile telecoms service in Iraq and to ask for requirements and procedures for importing telecoms equipment into Iraq on a commercial basis. JTC sees an immediate need for telecoms service throughout Iraq, and believes it can make an immediate positive impact on the telecoms situation in the country. The JTC visit highlights the aggressive approach some companies here are taking to break into the market. End summary.

2. (sbu) ECONOFF met senior staff from Jordan Telecom (JTC, majority owned and operated by France Telecom) at their request Thursday, May 15, to discuss commercial opportunities and procedural hurdles to conducting private business in Iraq. JTC Director of International Telecoms Mohamad Karmash, Director of Operations and Maintenance Ahmad Bani Hani, and Director of the JTC Fund Mohammad al-Hiyari told ECONOFF that JTC is ready "today" to move into Iraq on a limited basis to offer mobile telecoms service in areas of particular need. The reps stressed that they were interested in establishing this service on a commercial basis, and could initially provide point-to-point systems supported by small microwave towers for a few hundred clients. In due time, they said they could fairly easily expand this service with support from their systems in Jordan, including use of JTC's VSAT and extension of a nearly-completed fiber-optic link to the Iraqi border (which they said would be ready in two months).

3. (sbu) In a separate conversation April 24, Muna Nijem, Chairwoman of the Board and CEO of the Jordanian Telecommunications Regulatory Commission (TRC), also mentioned Jordan Telecom's interest in assisting with the re-establishment of the telephone system in Iraq. She went further to offer TRC's assistance in creating an Iraqi Telecommunications Regulatory Commission modeled on Jordan's efforts.

4. (sbu) JTC's reps said they have been deluged with requests from local and international businesses, NGO's and private citizens to bring some sort of telecoms service to Iraq. They said businesses, in particular, were complaining loudly about the inability to contact suppliers, distributors, and consignees, making normal commerce next to impossible. The reps asked what documentation would be necessary and what procedures would have to be followed to import on a commercial basis the necessary equipment to set up such a limited system (including satellite dishes, handsets, microwave equipment, and the like). ECONOFF promised to look into the existing import protocols, but cautioned that Iraq was still subject to UN sanctions, under which much of the equipment they listed could well be considered "dual-use" items.

5. (sbu) Comment: JTC is aggressively pursuing a clearly perceived market opportunity, and notes that Kuwaiti companies have constructed similar set-ups in southern Iraq, but does not want to run afoul of import restrictions or other vagaries of the current system that could keep them from transporting the equipment they need to build a workable system. Embassy would appreciate Washington guidance regarding (a) current policy toward allowing commercial mobile service providers to establish operations in Iraq; and (b) current regulations and/or procedures for clearing commercial goods across land or sea borders, and any relevant registrations - either with civil or military authorities - that would be required for the conduct of commercial trade in Iraq.

GNEHM